



## AIM Rule 26

### Abcam plc (“Abcam”) Compliance with UK Corporate Governance Code 2016

The Board of Abcam has adopted the UK Corporate Governance Code 2016 (the “Code”) as its chosen framework for corporate governance. For the year ended 30 June 2018, Abcam complied with all of the principles and provisions of the Code, other than Main Principle B6 and Code Provisions D.1.1, D.2.1 and D.2.4, as appropriate for a “smaller company”, defined as not a member of the FTSE 350. Further details of how Abcam complied with the Code and explanations for any non-compliance are set out below.

<b>A. LEADERSHIP</b>	
<b>A.1 The Role of the Board</b>	The Board met in person 6 times and by telephone conference 4 times, to formulate Abcam’s strategy and commercial objectives, review performance against the strategic goals and agreed KPIs, and ensure that Abcam’s principal risks are assessed and managed. The Board has responsibility for Abcam’s culture and ethics and sets the right “tone from the top”. The role of the Board is discussed in more detail in our Annual Report and Accounts 2018 which is available on our website: <a href="http://www.abcamplc.com/investors/reports-presentations">www.abcamplc.com/investors/reports-presentations</a> on pages 54 to 61.
<b>A.2 Division of Responsibilities</b>	Our Chairman, Peter Allen, was independent on his appointment on 18 June 2018 and is responsible for the leadership and effectiveness of the Board. There is a separate Chief Executive Officer who leads the executive management of Abcam’s operations based on the strategy set by the Board. Louise Patten, Abcam’s Senior Independent Director, acted as interim Chairman following the resignation of Murray Hennessey with effect from 15 November 2017 until Peter Allen’s appointment, and led the recruitment of a new Chairman during this interim period.
<b>A.3 The Chairman</b>	The Chairman sets the agenda for Board meetings with the Company Secretary, focusing on Abcam’s strategic issues. The Chairman ensures there is a culture of openness and constructive debate, encouraging contributions from Non-Executive Directors ( <b>NEDs</b> ), as well as maintaining good working relations between all Directors.
<b>A.4 Non-Executive Directors</b>	The NEDs constructively challenge the Executive Directors on the performance of management in achieving Abcam’s agreed goals and objectives, as well as monitoring the reporting of performance. They help develop the proposals on strategy, assuring themselves on the integrity of financial information and systems of risk management and internal controls. Louise Patten is the Senior Independent Director, but this role was undertaken by Mara Aspinall during the period when Louise Patten was interim Chairman. The NEDs have a key role on the appointment, remuneration and succession planning of Executive Directors, review succession planning for the Executive Leadership Team ( <b>ELT</b> ) and meet bi-annually without the Executive Directors being present, and annually without the Chairman being present.
<b>B. EFFECTIVENESS</b>	
<b>B.1 The Composition of the Board</b>	Abcam has a high-quality Board with diverse yet complementary backgrounds. The composition of the Board is regularly reviewed by the Nomination Committee to ensure there is a balance of appropriate skills, experience, independence and knowledge of Abcam. The three NEDs considered by the Board to be independent are Louise Patten, Sue Harris and Mara Aspinall. Jonathan Milner, Abcam’s Deputy Chairman, Founder and a Non-Executive Director, is not considered to be independent by the Board. Following the appointment of our new Chairman, the Nomination Committee

	has started a search for an additional independent NED to bring an even broader range of skills and experience to the Board.
<b>B.2 Appointments to the Board</b>	The Nomination Committee leads the process for the appointment of Board members and makes recommendations to the Board. Details of the work of the Nomination Committee and the process it has used in relation to the appointment of the new Chairman in May 2018 is set out in the Annual Report and Accounts 2018 on page 63.
<b>B.3 Commitment</b>	All Directors allocate sufficient time to ensure they discharge their responsibilities to Abcam effectively. The NEDs undertake in their contracts that they will have sufficient time to meet what is expected of them. The Board reviews any new external appointments of all Directors to ensure that they do not impact with their responsibilities to Abcam.
<b>B.4 Development</b>	The Chairman was given a thorough tailored induction programme on joining the Board. The Chairman also ensures that Directors are given relevant training and development opportunities to discharge their responsibilities and update their knowledge. For instance, over the last year, the Board have been briefed on the GDPR and changes to the AIM Rules. At the strategic away day, the Board were briefed on scientific developments relevant to Abcam's business strategy.
<b>B.5 Information and Support</b>	The Chairman and Company Secretary ensure that Directors are provided with accurate, timely and clear information for Board meetings.
<b>B.6 Evaluation</b>	An annual evaluation of the Board's performance and that of its committees and individual directors is carried out each year, usually in the spring. As our new Chairman was appointed in June 2018, the Board decided that it would be premature to carry out the evaluation of the Board and Committees in the first month of his appointment. It was therefore decided to postpone the annual evaluation until the 2018/19 Financial Year. Although this was not in compliance with Main Principle B.6 of the Code, the Board believed it was important for our new Chairman to see how the Board and Committees perform in practice before leading the evaluation process. This was a "one off" and an evaluation will be carried out in 2018/2019 in line with the Code.
<b>B.7 Re-Election</b>	All directors are subject to re-election each year, unless they are standing down from the Board, as was the case with Murray Hennessey at the 2017 AGM.
<b>C. ACCOUNTABILITY</b>	
<b>C.1 Financial and Business Reporting</b>	Abcam's Board has systems in place to ensure that its Annual Report and Accounts are a fair, balanced and understandable assessment of the company's position and prospects. The Annual Report and Accounts include a business model, the strategy to deliver it and a statement that it is appropriate to adopt the going concern basis of accounting in preparing them.
<b>C.2 Risk Management and Internal Control</b>	Each year, the Board carries out a robust assessment of the principal risks and how they would be mitigated, details of which are set forth in our Annual Report and Accounts. The Board also reviews the long-term viability of the Company on an annual basis against various scenarios over a five-year period. KPMG acts as internal auditors. Risk management and internal control is monitored by the Board annually, and at each meeting of the Audit and Risk Committee.
<b>C.3 Audit Committee and Auditors</b>	Louise Patten and Sue Harris were members of the Audit and Risk Committee throughout the year and were joined on the Committee by our new Chairman on his appointment on 18 June 2018. Both Sue Harris and Peter Allen have recent and relevant finance experience.

	<p>Although Louise Patten was interim Chairman for the period from 14 November 2017 to 18 June 2018, the Board considers that Louise Patten nevertheless remained independent during this time as she was independent on her appointment as interim Chairman and only held the position for a short period of time during the search for a new Chairman. Consequently, the Board considers that Abcam complied with the requirement in Code Provision C.3.1 to have a minimum of two independent NEDS on the Committee throughout the year.</p> <p>The terms of reference for this Committee are on Abcam's website: <a href="http://www.abcamplc.com/investors/governance">www.abcamplc.com/investors/governance</a>. The Chairman of the committee reports to the Board on the discussions and findings of the committee at the following Board meeting. The external auditors, PwC, were appointed in 2014 after a competitive tender.</p>
<b>D. REMUNERATION</b>	
<p><b>D.1 The Level and Components of Remuneration</b></p>	<p>The level and components of remuneration, and how it promotes the long-term success of the Company, are explained in the Directors' Remuneration Report. The principles in Schedule A of the Code regarding performance related remuneration are complied with. The 2015 Remuneration Policy was put to an advisory vote at the 2015 AGM, and the 2018 Remuneration Policy will be put to an advisory vote at the 2018 AGM.</p> <p>In 2015, the Company introduced provisions to the rules of the Long Term Incentive Plan specifying the circumstances under which it could recover sums paid or withheld the payment of any sum. A personal performance underpin, the ability to withhold the payment of any cash sum and the ability to recover any unvested Deferred Share Award were also introduced to the Annual Bonus Plan in 2015. However, there is no clawback in respect of the cash component of the Annual Bonus Plan, and as such Code Provision D.1.1 was not implemented in full. The Remuneration Committee is of the view that the rules of the Annual Bonus Plan are appropriate for an AIM-listed company.</p>
<p><b>D.2 Procedure</b></p>	<p>Abcam's Remuneration Committee comprises four NEDS and has delegated responsibility for setting the remuneration for all Executive Directors and the Chairman, and overseeing remuneration for the ELT. No Directors or ELT members are involved in setting their own remuneration.</p> <p>Louise Patten was both Chairman of the Remuneration Committee and interim Chairman of the Company for the interim period following Murray Hennessey's departure as Chairman in November 2017 and the appointment of Peter Allen on 18 June 2018. Although this was not in full compliance with Code Provision D.2.1, the Board considered that Louise Patten remained independent during this time for the reasons set out in C3 above, and wished to ensure continuity in the leadership of the Committee whilst it was undertaking Abcam's triennial strategic review of remuneration. Mara Aspinall was appointed as Senior Independent Director for this period to facilitate good corporate governance. Abcam now complies with Code Provision D.2.1 in full.</p> <p>Code Provision D.2.4 relating to the approval of long-term incentive schemes by shareholders has not been implemented. However, the provisions of Abcam's long term incentive plan are in line with Schedule A of the Code.</p> <p>The terms of reference for this Committee are on Abcam's website: <a href="http://www.abcamplc.com/investors/governance">www.abcamplc.com/investors/governance</a>. More detail on the work of the</p>

	Remuneration Committee can be found on in the Directors' Remuneration Report in the Annual Report and Accounts 2018 on pages 69 to 71 and pages 85 to 94.
<b>E. RELATIONS WITH SHAREHOLDERS</b>	
<b>E.1 Dialogue with Shareholders</b>	The Board seeks to engage actively with shareholders, and regularly discuss feedback received from shareholders. Extensive consultation with Abcam's shareholders was undertaken as part of the review of the Remuneration Policy. The Chairman and Chairman of the Remuneration Committee had discussions with more than 50% of Abcam's shareholders as part of the review process.
<b>E.2 Constructive use of General Meetings</b>	The Chairman encourages all Directors to attend the AGM, being an important forum for dialogue with shareholders. In addition to the formal business of the meeting, a presentation is given at each AGM outlining recent developments in the business, and the shareholders present were given the opportunity to ask questions.

Approved by the Board of Abcam plc  
7 September 2018